

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1919

February 16, 2014

SUMMARY OF BILL: Reduces, from \$1,000,000 to \$500,000, the maximum amount of the surety bond that a textbook publisher must secure for state textbook contracts.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – To the extent a textbook publishing contract vendor defaults on a contract for providing textbooks, the state’s liability may increase causing the state to incur additional expenses associated with procurement of replacement textbooks. The extent of any increase in state expenditures is unknown and cannot be quantified because the impact will be dependent upon several unknown factors such as the timing of any default, the size of the contract between the vendor and the State Textbook Commission, and the number of textbooks that must be procured as replacements. Otherwise, any fiscal impact to state and local government will be not significant.

Assumptions:

- According to the rules and regulations of the State Textbook Commission, contractors with 50 books listed for adoption by the Commission must file a performance bond of \$250,000.
- Publishers with contracts for more than 50 books must file additional bonds of \$10,000 per book over 50 until the maximum statutory bond amount of \$1,000,000 is reached.
- A decrease in the maximum bond amount may increase the state’s liability exposure in the event of a default by a large textbook publisher. Any increase in state expenditures cannot be reasonably quantified because the extent of any increased expenditures is dependent upon multiple unknown factors such as the timing of default; the size of the contract; and the number of textbooks that must be procured as replacements.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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